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Meeting of the

National Petroleum Council

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Wednesday,

March 31, 1976

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U.S. DEPARTMENT OF THE INTERIOR

Auditorium

18th & C Streets, N.W.

Washington, D.C.

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9:00 a.m.

IN ATTENDANCE

The Honorable William L. Fisher
Assistant Secretary
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Washington, D.C. 20240

The Honorable D. Kent Frizzell
Under Secretary
U.S. Department of the Interior
Washington, D.C. 20240

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Secretary
U.S. Department of the Interior
Washington, D.C. 20240

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P R O C E E D I N G S

9:00 a.m.

MR. SWEARINGEN: The 74th Meeting of the National Petroleum Council will please come to order. Ladies and gentlemen, you have before you a copy of this morning's agenda.

You will note that our actions this morning will be principally administrative and consideration of an amendment to the Council's Articles of Incorporation, and receipt of progress reports from our two ongoing Committees.

I can see from looking around the room that we have a very good turnout here today. In order to save time, I suggest we dispense with calling the roll. If there is no objection, the check-in at the rear door of the auditorium will serve as an attendance for the meeting. If any of you did not check with one of the staff members before entering, please do so before you leave this morning.

I would like to take a moment this morning to introduce the persons at the Head Table. On my far left is Bob Sharbaugh, the Chairman of the Committee on Future Energy Prospects. Bob, would you please stand up?

The next is Collis Chandler, the Vice Chairman of the Council.

On my far right is the Honorable William Fisher, the Assistant Secretary of the Interior for Energy and Minerals.

Then the Honorable Kent Frizzell, Under Secretary of the Interior.

Ken BeLieu, Executive Director, National Petroleum Council and on my immediate right we are honored to have the Honorable Thomas S. Kleppe, the Secretary of the Interior and the Co-Chairman of the Council.

Thank you, Mr. Secretary. Now would you like to say a few words to the Council?

MR. KLEPPE: Thank you, John. Good morning to all you folks. I hope with the introduction these few words that you are going to permit me to speak, will take probably a little longer than you had planned, because this is my first opportunity, in fact, to visit with you.

Somehow or another, I have a burning desire to share with you some of the thoughts and efforts and activities that we have going on in the Department.

Unless it fouls up your agenda too badly, John, I am going to presume a little more time than you had thought about for a few remarks.

Let me say that I always like this idea of getting

together with people at 8:30 or 9:00 in the morning. Somehow or another it gets everybody awake.

Once I was an invited speaker at a banker's convention in Lake Placid, New York, at the beautiful height of the vacation season. They had some 900 people registered. It was the State of New York Banker's Convention. The report was that they normally had 100-125 people that got to the 9:00 a.m. session.

Well, on this particular morning at 9:00 a.m., we turned up about 175. All I could say is that I do not blame them. The rest were on the golf course and tennis courts. You do not have that option here this morning so I am glad to see you.

At the beginning I would be remiss if I did not offer a word of appreciation and thanks to all of you on this National Petroleum Council.

It seems that jobs like this are a commitment and a participation above and beyond the necessary call of duty. But, without organizations and councils like this, there is going to be a serious void. Something is going to be lacking.

Oh, yes, you could sit on the outside and criticize it because of its composition or because of its objectivity, but I guess that is what life is made up of. We have to

receive criticism to shape up. Maybe that is good for all of us.

You know, it was the best of times and the worst of times. Those are some rather important famous words that Charles Dickens made famous when he wrote the Tale of Two Cities 100 years ago. Ever since that time, men and women all over this nation have borrowed those words from Dickens to describe their own generation -- the best of times and the worst of times.

Lots of times we tell stories that we have good news and bad news. This is a take off on that.

I think that we would be in keeping with history today if we were to describe this as the best and yet the worst of times. We seem to be living among many of these contradictions.

Particularly for you in the petroleum industry, the greatest contradiction in modern time appears to be the obvious need, right now, that you produce more domestic energy while at the same time increasing restraints are being placed on you.

I am not going to try to delineate those; you know what those are.

Other contradictions are very obviously evident.

America is going to celebrate two centuries of liberty in 1976. Yet, perhaps never have we so mortgaged our freedom than by our ever increasing dependence on foreign energy.

We are now defeating one of the greatest threats to our economic life in 40 years. Yet, we will undermine our own economic recovery this year by pouring more than 30 billion dollars in foreign countries to pay for our ever-increasing importation of foreign oil.

One American answer -- and I define this as truly an American answer in response to this energy independence question -- is coal. We have, by almost any measure, several hundred years of coal deposits. And yet, various restrictions make it more difficult to mine coal and other restrictions make it difficult to burn the coal, even if we do mine it.

It is quite obvious that we do not need to mine it just for the sake of mining it unless we can use it.

Some of you may sympathize with those who today borrow from Dickens to describe modern events as both the best and the worst of times.

Well, now having said all this as an introduction, let me quote from a less well-known observer of events than Mr. Dickens. His name is Tom Kleppe. Speaking for him at this particular moment, I want to tell you at the outset that

I am an optimist.

I believe that not only can we come up with answers to change this worst of times routine, but we must.

That is the purpose and direction of what it is that we are trying to do here in the Department of the Interior.

I would like to see us make it the best of times by moving on energy and the environment and the economy and everything else that evolves throughout this great Department of ours where we have 27 different bureaus and agencies.

I want to tell you that I will make the necessary decisions on energy, unpopular to some they may seem.

I would be very glad to make all the tough decisions, for us, so we can get going.

I say that even though they may turn out to be wrong, because I believe it is better to make a decision and get moving then even if it turns out to be wrong, we can change it. The same people that make it can change it.

In any event, we have got to have motion and action. I happen to believe that we have an energy crisis in this nation.

Even though there are no lines at the gas stations, gas prices may have inched down a little bit, and nobody went cold or went without a job because of the shortage of natural

gas this winter, it is very difficult to convince the American people that we have an energy crisis.

One thing changes all that in my mind very clearly. That is the percent of oil we have to import -- 41 percent up from 37.

That is enough. We cannot stand the luxury of sitting still in the area of energy development.

Two of those areas -- the Outer Continental Shelf which we now call OCS -- and that does not mean Officer Candidate School, since I am long past that -- it means Outer Continental Shelf -- and coal.

The industry involving domestic production is all involved in this.

These are areas we cannot afford to sit still on. We have to move on these.

Even though the climate around about us seems to be more difficult all the time, we cannot afford to sit still.

Ladies and gentlemen and folks and colleagues, I have been traveling across this country and I have a lot more that I am going to do and hope to do to bring to more people this story.

We have a new energy era in this nation. The problems and issues are new and the solutions are going to have

to be new. We cannot do it the old way.

We have an environmental law that came into being in 1970 that is something we must deal with. We have a great feeling amongst many of our people about many things dealing with the environment and we must deal with that. And deal with it we will.

I say this because we cannot accept the fact that the two -- the development and increasing productivity and the protection of these resources based on our environment -- are exclusive to each other. They cannot be.

I believe that we can answer the questions on energy in flat outright right terms or flat outright wrong terms. They are all gray.

In the middle here someplaces comes a question of balance. We have to live in an era of adjustment and balance. I was having a press conference not long ago and one member of the press said to me, "Well, you know balance is a wonderful cliché to use in a political year."

You know it sounds good, but -- I said, "You know, the word is still in the dictionary and I am going to use it." We are going to use it because that is the only way, in my judgement, at this time, that we are going to accomplish what has to be done. We have to do some compromising.

I believe we can and I believe we must. Both producers and protectors must balance the scales of energy and environmental stability. We cannot have economic stability without energy and we cannot have true national stability without energy and environmental interests balanced in the national interest.

Let me underline those last two words -- national interest.

It is so easy for people in a given state, for example, to wonder why there cannot be a wall built around their state and everything that is good for them would be good for the nation. It does not work that way.

You have 50 states. I have had the privilege of telling the Board of Editors of Los Angeles Times that very thing when they tore the hide off me in California. I invited them to realize that this is California and only one of the 50 states. It is not California and 49 others any more than it is North Dakota and 49 others. North Dakota has more coal than they need, but the nation needs it, so the national interest must be served.

If we do not assume that responsibility here, in our work and our planning in the Department of Interior, we are remiss, I believe, in much of our area of responsibility.

Neither energy producers nor environment protectors are independent of society. Indeed, both are dependent on the rest of this country -- and on each other.

The victory or defeat of one interest is not necessarily the victory or defeat of the other. On the contrary, the failure of one interest may prove to be the failure of all interests.

That is why we have to compromise and work together. No interest can claim victory if it is at the expense of the national interest.

Reasonable men and women can agree on reasonable solutions. It is a simple thing to say, and yet we have to achieve it. That is really what it boils down to. We have got to find balanced answers. I think that men and women in America will support fair and reasonable solutions.

I think we are beginning to see that and that is another reason why I am optimistic.

The critical element today in energy is the will to make decisions.

Curiously, I have something I want to tell you. When I was before the Senate for my confirmation hearings, I was asked by one of the gentlemen "Does the President have an energy program?". I said, "Yes, the President does have

an energy program, but I have also become aware that there are 535 energy programs up here on the Hill. But the nation has none."

You know, that is about we are. We have got to start.

Aside from that, we here in the Department of the Interior have some specific areas of responsibility and within the framework of the law. What I really want to communicate to you this morning is that we are going to do something about it. We are going to move. We are going to do it on the best judgemental factors available to us.

This is where and why and how we appreciate input from people like you and others on both sides of this difficult problem with development and protection.

We must do it.

One of the other factors that goes into our attitude down here is one of an open decision making policy. I happen to believe that we need the input from everybody. That is one thing that is exciting about this Department. We have bureaus and agencies which are in direct conflict with each other because they have separate constituencies.

So, consequently, we really get the business on both sides of a question. But I think that is good. I think

that is healthy. Then and then only are we going to be able to make fair and better judgements.

When you add to that participation from the states and local organizations and local interest groups and whatever they might be, there ought not be any side of the equation that is forgotten or left out or not considered. Then we are going to make better answers, I believe.

So, I welcome that very much. All the people here in the Department of the Interior know that. Believe me, when we get into a decision session, the words flow pretty freely. That is healthy.

We want that, and without any fear of recrimination whatsoever, because are grownups. We will not always agree, but we can respect each other. So it is with us down here in this Department, and you, who are on the outside. We are not going to lose respect for you or anybody else just because we do not happen to disagree. I hope you will feel the same about us.

Life is made up of controversy and discussion and debate and argument. But finally, there is decision. When the decision is to be made, we are going to go down one track to implement it as best we can.

If it is wrong, we are going to change it. Congress

can do the same thing if they want to. The same bodies that made it can change it. So it is that we consider our responsibilities down here.

Well, with this background and our determination to make these tough decisions, I want to bring you up to date on the ongoing energy programs.

We plan to continue a leasing program on the Outer Continental Shelf. The President has asked for legislation to expedite the delivery of natural gas from the Northern Slope of Alaska.

Congress has enacted legislation which will transfer the jurisdiction of Naval Petroleum Reserve Number 4 to us here at Interior. I consider that very exciting because of some of the things we think we know about that tremendous area.

I want to discuss our coal leasing policies and our national oil shale future.

With regard to OCS, our leasing will continue to emphasize the frontier areas this year.

Only two sales in 1976 will be in established areas and they are both in the Gulf of Mexico. The sales plan for the Gulf of Atlantic, the Cookè Inlet, the Mid-Atlantic, and the North Atlantic are some things that I hope we can get

ready for this year. We are going to try very hard to do them right so if and when we are taken into court, we can survive and go ahead with the sale as we did in California.

We are in court in Alaska now and our sale date is the 13th of April.

I hope and believe that it is very necessary that we be successful and go ahead with that. The problems up there are difficult. The history makes it very difficult for me to give you an exact schedule for our sales. However, those are our objectives.

There are some sales in the South Atlantic and Western Gulf of Alaska that we had originally scheduled for December and November of this year which we are probably not going to be ready for until 1977.

As I indicated, we are going to have this lease-sale in Anchorage, God willing, and the courts willing. But I want to say to you, in case you missed it, that when we made that decision to go with that sale, we eliminated about 40 percent of the tracks for what we thought were very good environmental reasons.

Instead of a million seven hundred thousand acres, we are going to have 1.1 million or thereabouts. Something like that.

We made that decision after balancing the needs and also balancing the environmental problems. They are difficult up there, to say the least.

We had extensive review from the Council on Environmental Quality and EPA, prior to the decision. We had consultation and conversation with the Governor and other interested groups.

Nevertheless, we are still in court. How we come out only time will tell. However, we are getting close and we are only a couple of weeks away. This is going to continue to be our program on OCS. It will hold true not only for Alaska but for all the off-shore leasing in the Atlantic where we hope to hold our sale in something less than five months.

Then, if we get that, we want to follow it up with the North Atlantic sale and the Georgia's bank sale later this year.

We have developed an expanded OCS program -- six sales a year. We will consider offering prospects in each of these by 1978. I want to emphasize that this schedule does not represent a decision to firmly lease in any of these areas. It only represents our intention to see if opening these new areas is lucrative and carries forward the

possibility that are both reasonable and prudent from the standpoint of productivity.

An actual sale has got to take place only after many considerations are dealt with and addressed.

I want to read first the needs of the states and individuals. They have a voice, but not a veto in the decision making process before the sale can be made.

Our procedures call for state involvement at all stages: track nomination, track selection, environmental impact statements, public hearings, pipeline rights of way, and the location of on-shore facilities. These provide states the opportunity to participate at every level.

In OCS and other areas, my philosophy on energy represents the consensus of this nation, I believe: Something must be done to increase our domestic energy production currently.

Thus, despite many considerations, we hope to push ahead on this leasing program that promises increased domestic production. We believe that exploration and development of these OCS frontier areas provide our nation's best hope for at least near term increases in oil and gas production, but more importantly, long term. The start-up time in itself is long enough, when you consider our dilemma of

the percentage of our imports.

The petroleum industry has demonstrated the value of very strong and financially sound enterprise by the fantastic and massive job that has been done in constructing the Trans-Alaska Pipeline.

I had a chance to see the terminal activities up there at Valdez. You know with this mind of mine, I am not an engineer and construction man and I cannot comprehend it. However, I feel it is incredible and fantastic.

The only reason I mention it is that there was no way that pipeline could have been built or conceived by a single small oil company, operating on its own. If you are going to break up the big oil companies, who is going to do something like that.

We are looking ahead to a gasline from Alaska. We are going to need it. If Naval Petroleum 4 is what we think it is, we have to get that gas down here. It is not going to happen by accident. It will happen on purpose and will take a big risk economically. Little oil companies cannot do it. Who is left? Government? No. I do not share that idea.

I believe it is important for the industry to continue to use its collective strength to provide a transportation

system for natural gas from the North Slope of Alaska. No one knows any better than you do that when you have found oil and gas your job has only begun.

You must provide a transportation system and develop production capabilities or else the discovery has no practical value. This all has to be a part of it.

So, I hope that the development of transportation system from Alaska can get going, hopefully in early 1977. It seems to me that the only logical way to go is for the President and the Congress to share jointly in the selection. Otherwise, the politics is going to get so miserable and tough that it will be in court. I think that is the only way you can hold down on the litigation. Even then, there may be enough of it.

I rather expect that the gas and oil companies are going to play a very major role in that other gasline that we hope to build from Alaska down to the lower 48.

Looking further into the future of Alaska, the oil and gas potential of Naval Petroleum Reserve No. 4 must be assessed, developed, and transported to get the use of it down here.

We are going to study with the Federal Energy Administration various alternatives. That is going to be

a very extensive study and should give us definite direction that we need to go in in the development of that resource.

I cannot make any forecast on these studies, but I also believe that private enterprise is going to have to play a very important role.

We could not expect to see very significant future production of oil and gas from our national petroleum reserve in Alaska this century without it.

Some of you are interested in proposed legislation relating to the OCS. I hope all of you are interested in it. I want to tell you at the outset that we have been and are in very close contact with the Ad Hoc Committee in the House where they are presently marking up S-521. Without getting into any details, because that is not out yet, I want to say that we know that considerable progress is being made. I just hope that they make the changes necessary so that we will have something we can work with.

I had an interesting experience up there. That is the first committee I went up to testify before after I was confirmed. I went up to tell Jack Murphy and his Committee that we were against the whole thing and did not need it. That was kind of a bad way to start out, but that is what happened. We have a policy and programs and plans for OCS

that are working. We do not need this. But we are going to get something and if we get it along the lines of keeping flexibility in there to function and operate, fine. We are all for it. I like the idea of programs and regulations and proposals that work to being incorporated in legislation. I think there is merit behind that.

So that is what we are trying to achieve.

In general, I just want to make one position very clear in dealing with that OCS bill. That is this. I strongly oppose and have so communicated at all levels, any mandatory Federal exploration for oil and gas.

The Government cannot and must not, in my judgement, become involved in the exploration business. That is not our business. That is the petroleum industry. You know it and you do it so much better. That is the way your companies are structured and that is the way you operate.

So, I am hoping that we can keep that mandate out of any legislation. I think that would be almost catastrophic.

Decisions on land use in conjunction with energy development are primarily the responsibilities of the states, not the Federal Government.

Let me stress, however, that my strong commitment

is to Federal impact aid loan programs. This is an impact program that the President has endorsed. I would hope that even though the Congress may have already taken some steps to change the manner and the form of the impact assistance, that because the concept has been accepted by both the President and the Congress, that they will get to work on finding a way to pass something that will fit in a compromise area or that will take the President's approach so we can address that problem.

Now, let me talk for a moment about coal leasing, which is so vital in our country. It has been kind of dead in the water for the last five years. What we want to do with that policy that we have come out with is to stimulate production of existing leases. We want to establish a careful and reasonable system to determine the need for additional coal as well as the timing and location of the development.

The new policy will protect the interests of the public because it guarantees reasonable and balanced protection of environmental values and other resources values. Further, it assures the public of a fair market value return for this resource and it encourages the fullest participation of the people and the Government closest to them in development decisions.

No assessment of our contry's energy supply would be complete unless it included the oil shale reserves of our western states.

As a matter of fact, there are some estimates that run as high as 600 billion barrels.

As you know, our Department launched a prototype development program in 1974 for oil shale. We leased four tracks that year -- two in western Colorado and two in eastern Utah. In 1975 we asked industry to nominate two additional tracks for development by "insitu" methods where crude oil would be extracted from the shale by introducing a heat source under ground.

We hope to offer these insitu tracks later this year.

Despite the difficult problems in oil shale development and the economic risks involved and not knowing some specific answers and in spite of the great possibility of return, the environmental problem of what to do with the spent shale and the economic problem of how are you going to price that oil -- old oil or new oil -- these are some problems.

If you had to price it as old oil, I have done the arithmetic and know that you will not realize your investment.

If you price it as new oil, then there is a chance or possibility. That has not even been determined yet.

Private enterprise putting the money that they have put into these tests must know and find out some of the projections in these two critical areas.

There is a Congressional situation regarding the environment that is going to have to be dealt with before oil shale is going to, in my judgement, get off the dime.

There was a fuel bill that was defeated last year. There is a question as to what can be done with oil shale without some assistance at the Federal level because of the serious economic involvement in investment necessary.

But the potential is there. We have got to keep working on the technology and on all parts of it, because the prospects appear to be very great.

I just want to close on a note of cooperation for the future. Not only is this the year of the 200th birthday of the nation, but I also understand that this Council is 30 years old.

I want to congratulate all of you and again express appreciation and thanks for your participation.

I suppose that as many times you have thought and wondered why your recommendations have not been taken we have

-- are many. I cannot answer for the past, but I hope I can answer for the present and the immediate future and that is your recommendations and input are not going to go ignored. We may not always find ways to agree, but we are interested in every way, shape and form in knowing what you have to say and recommend or think about the objectivity of the work in our Department.

In my experience and knowledge of the past regarding this organization, I see that your reports to the Government have a history of technical soundness and intellectual integrity.

That is about the best that can be said about the work that you have done. I believe that in the final analysis, your industry will help to make us independent in energy. That does not mean zero needs from the outside. We can be independent if we have a small percentage of our needs coming from other sources because then the string around our neck cannot choke us off. That is what we must achieve. It is not going to happen by accident.

It is going to happen by strong leadership and adjustment and balance and compromise and by decision, not delay.

That is the AB&C of what we are looking at now in

the energy question.

So it seems as we are celebrating our 200th year, that we more than ever have an opportunity to be the masters of our own fate. We are not going to be able to do it unilaterally. By that I do not mean the Executive Branch or the Legislative Branch by itself.

Rather, it will be a combination of those two and the public sector. Then and only then are we going to be able to accomplish the freedom that we need so that the worst of times will always be the best of times.

Thank you.

MR. SWEARINGEN: Well, Mr. Secretary, for a maiden speech before this group, I think you did very well indeed. We were certainly interested in what you had to say and I am sure that other Council members are as well.

Would you be willing to take time for a few minutes of questions from the group?

MR. KLEPPE: Yes.

MR. SWEARINGEN: Would anyone like to take this opportunity to ask some burning questions that may be on your mind?

QUESTIONER: Mr. Secretary, do you support the current bill on the ERDA support program?

MR. KLEPPE: Could you please repeat that? I did not get the first part of it.

QUESTIONER: There is a bill fostered by the Administration called the Teague Bill.

MR. KLEPPE: Is this in substitution for the \$6 billion bill that was defeated last year?

QUESTIONER: Yes.

MR. KLEPPE: What was your question to me?

QUESTIONER: Does the Department of Interior support that?

MR. KLEPPE: Yes, we think there is a need for that, yes.

You are an extremely placid group. Later on in the afternoon maybe you will generate some new thoughts. I will not be here, but I will be around. I hope to see a lot of you because we have a lot to do.

Good luck and God bless you and thank you very much.

MR. SWEARINGEN: Thank you, Mr. Secretary.

Now I would like to call on Dr. William Fisher, the newly appointed Assistant Secretary of Interior for Energy and Minerals to introduce to you the members of the Council that have been appointed since our last meeting held

on August 6, 1975.

MR. FISHER: Thank you, Mr. Chairman. I have 15 new members that I would like to read. Also, these are replacements of other individuals and we have a few of them in attendance today.

First, the Honorable Dolph Brisco, replacing Governor Edwards. He is the Chairman of the Interstate Oil Compact Commission.

Then there is Max D. Eliason, President of the Rocky Mountain Oil and Gas Association.

Then Mr. James F. Gary, President, of Pacific Resources, Incorporated.

Then Mr. Allan Grant, President of the American Farm Bureau Federation. I believe Mr. Grant is here. Would you please stand up?

Then Mr. H.J. Haas, President of the Gas Processors Association. I believe Mr. Haas is here. Would you please stand up?

Then Mr. Charles Hitch, President of Resources for the Future, Incorporated. Mr. Hitch, would you please stand up?

Then Mr. A.V. Jones, President of the Independent Petroleum Association of America. I believe he is a former

member and he is replacing John Miller, who will remain as a member.

Then Mr. Jerry McAfee, Chairman of the Board of Gulf Oil Corporation. Mr. McAfee, would you please stand?

Then The Honorable John N. Nassikas of Cox, Langford and Brown. Is John here this morning? He was a former distinguished chairman.

Then Jack C. Pester, President of the National Oil Jobbers Council. Is Mr. Pester here this morning?

Then David L. Rooke, Vice President for Supply and Distribution, Dow Chemical, U.S.A.

Then Mr. Sherman L. Sibley, Chairman of Edison Electric Institute.

Then William T. Smith, President of the Mid-Continent Oil and Gas Association.

Then L.V. "Neal" Stafford, President, Association of Oilwell Drilling Contractors.

Finally on the list, Mr. Spener L. Taylor, President of the International Association of Drilling Contractors. I believe he is here.

Those, Mr. Chairman, are the new members that were appointed to the Council.

MR. SWEARINGEN: Thank you, Under Secretary Fisher.

I would like to add my own welcome to the new members of the Council and say on behalf of the rest of the Council that we are certainly pleased to have you join our organization.

I would like to turn now to the progress reports on the two studies that we have going in the Petroleum Council at the present time.

Mr. Bill Haynes is the Chairman of the Committee on Enhanced Techniques and will not be with us today. We have asked Mr. Lawrence Thrasher, Chairman of the Coordinating Subcommittee to present the report here this morning.

Mr. Thrasher, would you please come forward?

MR. THRASHER: Thank you, Mr. Chairman. Bill has asked me to express his personal regrets that he is unable to be with you this morning to present this report.

The request for the study came from the Department of the Interior to the Council. The letter stated in part:

"We therefore request the National Petroleum Council to assess the state of the art of enhanced recovery for oil and gas from known oil and gas reserves.

"Your assessment should draw from and revise such relevant data from previous advisory committee reports and reports of others as you deem appropriate, and should include

to the extent possible an appraisal of the probable ranges of volumetric outcomes based on alternative economic conditions.

Additionally, your report should contain recommendations as to how public policy can improve the outlook."

In a subsequent letter, the Department of the Interior asked us to maintain liaison with the American Association of Petroleum Geologists' petroleum resources study. This was for future or undiscovered petroleum resources.

My remarks this morning will deal with the status of work to date and our plans for the completion of the study.

To get started, following a favorable recommendation of the Agenda Committee of the Council, you unanimously approved the undertaking of this study at the August 6, 1975 meeting.

After your acceptance of the request, Chairman Swearingen, with the advise of the Appointment Committee and the approval of the Secretary of the Interior, appointed a Committee on Enhanced Recovery Techniques for Oil and Gas in the United States.

At the first meeting of this Committee, on

December 15, 1975, a study outline and organizational structure were agreed upon and an overall time schedule was set.

The plan anticipated a completion date of August 3, and the establishment of a Coordinating Subcommittee to aid the Committee in ensuring that the necessary steps were carried out within the schedule.

The Committee agreed also to the formation of two task groups to aid in carrying out more specialized aspects of the study: The Technology Task Group to define the amounts of petroleum that might be recovered by enhanced recovery techniques and the Economic Conditions Task Group to define economic parameters.

Membership on these three operating groups was appointed by the Chairman and approved by the Department of the Interior.

Members of these groups have been working continuously on the study since late January and each group has held two or three meetings in order to coordinate the results among the members and to work on numerous questions of definition and approach.

It has become clear now that we could not make the August schedule and we recommended that the completion date be extended to December 15.

A reason for the schedule extension is to find and add non-proprietary information which will increase confidence in recovery estimates.

The data bases available to us do not contain adequate information on specific reservoir properties that affect enhanced recovery processes, especially those concerning heterogeneity of reservoir factors. These are such things as permeability, fractures, and oil saturation.

Also, enhanced recovery processes are still in the developmental stage and have not been broadly evaluated in field operations. Because of the lack of experience, we have quite a bit of uncertainty in the processes.

We believe there is a problem in projecting the costs of enhanced recovery. There are a number of factors here and one of them is that chemicals and materials used in the recovery process are not currently available in the market in volumes that we would need for application.

For example, one of the processes involves the injection of large amounts of CO_2 . The cost of getting these large amounts to the wellhead is subject to the question of where is it and what is the source and how do we transport it.

Further, we have to estimate the cost of these.

We do not know quite yet how we are going to handle these questions.

A major initial step in the study has been to obtain a good data base. We recognized that preparing our own data base for the study would be a large job. Our schedule that we have made and we have modified assumes that we can make ready use of data bases already in existence.

To this end, The Department of the Interior has provided, for our use, part of a data base recently assembled by Lewin & Associates, in conjunction with a study being prepared by them for FEA.

In addition, we have examined and considered data bases maintained by the University of Oklahoma and by the Interstate Oil Compact Commission, and by the Gulf Universities Research Consortium.

We also plan to make major use of API reserves statistics.

Our present plan is to start with the Lewin data base which covers California, Texas and Louisiana, and add other available non-proprietary information that may be useful.

We will define technological screening criteria for each enhanced recovery process and apply these to the

modified data base to delineate which reservoirs are susceptible to additional oil recovery by each process.

For those reservoirs that pass this initial screening, we will examine them in greater detail to determine if a basis exists and that they really belong there.

If we do remove them, we will have a good justification of why we do so. Each remaining reservoir that passes a double screening will be rated as good, fair, or poor as a prospect for the enhanced recovery process under consideration.

The next step will be to prepare initial projections of oil recovery on a relatively simple basis for all reservoirs that pass the screening process.

We will then test these projections with detailed studies of sample reservoirs.

We will use the API reserve statistics to extrapolate the projections from the three states covered by the data base to the entire U.S.

Following this work, we will attempt to estimate the ranges of oil production that could be realized from enhanced recovery as a function of bands of crude oil values and other economic parameters.

It is worth noting that there is an upper limit to

the degree of accuracy that can be obtained in an analysis of this type, regardless of the amount of time expended.

The application of not yet fully proven processes to resources for which essential information or careful analysis is generally not available and under a set of economic conditions which may or may not evolve, will result in a projection with a major degree of uncertainty.

We believe, however, that the general approach of taking what we have in the way of data bases and adding publicly available information, will add to the amount of information known about all U.S. reservoirs, while at the same time I do not believe we will give any impression that we will have any inaccuracy beyond what we can support.

I would like to now cover the specific activities of the work groups.

First, the Coordinating Subcommittee. This group established the organization and definition of task groups. It established liaison with AAPG and the GURC.

The Coordinating group excluded coal, oil shale, and tar sands from the study. We included hydrocarbon deposits recoverable by a defined enhanced recovery process. We included so-called massive tight gas sand from which recovery is not feasible at the present because of low

production rates.

The Committee decided on an approach to the data base requirements. We defined five enhanced recovery processes as follows:

These are the first thermal methods and secondly the injection or insitu formation of miscible hydrocarbons and carbon dioxide injection.

Third, addition of chemicals to water floods.

The fourth is injection of caustic and fifth is the enhanced recovery of gas from tight gas sands.

The Committee reviewed and coordinated task group activities and status.

We discussed and recommended change in project time schedule.

Further, we assigned members to define the elements of public policy recommendation, which is an assigned part of the study.

Moving on to the Technology Task Group, I would like to say that the Task Group looked at the various data bases. They worked with the NPC staff to obtain, through the Department of the Interior, parts of the Lewin data base.

That group is currently adding public available information to that data base.

We have reviewed the elements and availability of the IOCC, GURC, and API data bases.

We prepared a descriptive "state of the art" for each of the enhanced recovery processes under evaluation, which is an assigned part of the study.

We are preparing and have prepared and are continuing to prepare screens to use with a data base to classify reservoir susceptibility to enhanced recovery processes.

We are proceeding with the analysis and classification of reservoirs as covered in the discussion above.

Now I will turn to the Economic Conditions Task Group.

This group examines the ranges of the economic conditions that will be elements of the analysis. These include: petroleum values, rates of return on investment, taxes, capital resources and risk, and non-economic factors.

Further, they are formulating a calculation procedure to be used in conjunction with the results of the Technology Task Group's efforts for analyzing and presenting the results of the study.

Further, they are interfacing with the Technology Task Group on the question of process costs.

In summary, I think the Committee and the groups

assisting it are making good progress. We think that a precise quantitative answer to the questions we have been asked will not be possible because of major uncertainties in process behavior under field conditions.

Also, because of these petroleum reservoirs have an unknown features, we have problems estimating what the costs may be down the road.

Further, we have the problem estimating what the general economic climate will be.

We believe, however, that by taking advantage of the additional on-proprietary information and adding it to the available data bases, we will be able to make more confident estimates of the outlook for enhanced recovery techniques than have been made heretofore.

We still have many important decisions to be made concerning the scope of our study and the form of presentation of the results.

However, we feel that the rational resolution of these questions can be made after we get further into the analysis.

To this end, I think that Bill Haynes plans to call a Committee meeting to consider the future direction of the study effort when we get to the point where some of

the preliminary results are available.

The Committee on Enhanced Recovery Techniques will keep the Council informed on the progress of this study and plans to submit draft reports for your review this fall.

We hope that the Council will be able to transmit its final analysis to the Secretary of the Interior prior to the end of the year.

In closing, I would like to express Bill Haynes' gratitude for the excellent cooperation we have received from the Department of the Interior and other agencies and organizations involved in this subject; and for the high professional performance from the members of the Committee, the Council, and the Task Groups and the Coordinating Subcommittee.

Mr. Chairman, that concludes the report of the Committee on Enhanced Recovery Techniques for Oil and Gas.

MR. SWEARINGEN: Thank you very much, Dr. Thrasher. I am sure we all appreciate that this study is just in the incipient stages and that there are many difficult questions still to be resolved with respect to procedure, much less with respect to results that you may turn up with.

I think we are all in agreement that this is essential information for the making of policy with respect

to oil or gas matters in the United States. Of course, this is the reason why we were requested to do this study by the Department of the Interior.

We will all follow the progress of your Committee with great interest, Dr. Thrasher.

I would like now to call on Mr. Jake Hamon, who will present the report of the Agenda Committee.

MR. HAMON: Mr. Chairman, and Members of the Council, I am the only member of the Council that was present at its original inception, which means that I am getting a little older.

This is my swan song as Chairman of the Agenda Committee, a position which I have held much too long -- 14 years. I asked John to relieve me and hopefully he has done so or will do so when Carrol Bennett makes his report.

However, it has been a pleasure to work with the Department of the Interior and with the other members of the Council.

Now, with those extended remarks, I will read the report of the Agenda Committee.

At the Council's last meeting on August 6, 1975, Collis P. Chandler reported to you, in my absence, the recommendation of the Agenda Committee on a request from

then Assistant Secretary of the Interior Jack W. Carlson.

The letter, dated August 5, 1975, asked the Council to critique its 1972 U.S. Energy Outlook Report and develop an outline for its updating. This critique and outline phase was requested as the first step in the development of a new appraisal of the future energy prospects of the United States.

In making its favorable recommendation to the Council, the Agenda Committee stipulated the condition that it would review and approve the first phase prior to the committing the Council to proceeding with the actual study.

At the August 6 meeting, you unanimously approved this recommendation of the Agenda Committee.

Chairman Swearingen, with the advice of the Appointment Committee and the approval of the Secretary of the Interior, appointed a Committee on Future Energy Prospects under the able chairmanship of H. Robert Sharbaugh.

On February 9, 1976, Mr. Sharbaugh's Committee presented to the Agenda Committee a proposed outline for a new study. The Agenda Committee reviewed the outline and, as authorized by the Council on August 6, 1975, approved the undertaking of the study.

Mr. Sharbaugh will review with you the scope and direction his Committee plans for the study. It will be a

major undertaking, but the Agenda Committee feels it can be one of great value to the Secretary and to the nation.

Mr. Chairman, that concludes the report of the Agenda Committee.

MR. SWEARINGEN: Thank you very much, Mr. Hamon. I do not believe your report requires any particular action by the Council this morning.

I would like to proceed now to call on Mr. Bob Sharbaugh, who is Chairman of the Committee on Future Energy Prospects who will present a progress report on this to the Council.

Mr. Sharbaugh?

MR. SHARBAUGH: Thank you, John. It is a pleasure to be here today and to follow the remarks that Jake has just made.

As you put it, it was a report on the progress and planned direction of this Committee.

As Jake noted in his remarks, our Committee was formed last fall following the Council's acceptance of the Secretary of Interior's request.

I want to thank the members of the Committee on Future Energy Prospects for their diligent and valuable work to date and to note that we do look forward to their continued

able assistance as we proceed to proceed to an explicit response to the Secretary's request.

I will now review very briefly some highlights. On November 13, 1975, I convened the first meeting. At the meeting the NPC's 1972 U.S. Energy Outlook report was reviewed in depth.

The consensus of the Committee at that time was that, at the time it was submitted and for the purposes for which it was intended, that the 1972 report was the best and most comprehensive document available.

However, in recognition of the unprecedented events and time that have altered the environment and quite a few of the economic and political assumptions upon which that was predicated, it was reviewed to determine if its updating would be a proper approach to the preparation of a new appraisal of the future energy prospects of the United States.

Further, the report has been misunderstood and has, on occasion, be used for purposes for which it was not intended by those who were not familiar with its terminology.

Because of the major changes in the energy situation since the early 1970's, and there is certainly no need to reiterate those this morning, some of the results of the

1972 study would be considered invalid in today's world. These changes that have occurred also have rendered some of the methodologies and approaches that were employed in constructing that report inappropriate for use in any new study today.

Thus, while our Committee feels and felt then that the 1972 Outlook Report was a valid and carefully considered document in and for 1972, we did recommend to the Agenda Committee that any new study prepared for the Council start with a clean slate.

In January, a second meeting of our Committee was held to consider the outline for such a study. Consistent with the feelings of the Committee, a broad conceptual study outline was prepared and, along with our views on the 1972 report, was submitted to the Committee meeting to which Jake referred.

The Agenda Committee did approve that as recommended. A copy of that approved outline is in the folders that each of you have at your seats.

Generally, that outline envisions a policy oriented study rather than primarily a detailed statistical analysis and projection of energy supply and demand.

It is hoped that this study can point out to the

Secretary the implications and directions of current government policy and legislation. Further, the study can give the Secretary the Council's analysis pro and con as to the advice and recommendations on energy policy that are already contained in other recent studies, with particular attention given to the underlying different assumptions.

In the course of our deliberations, we have had discussions with the Department of the Interior to ensure that this approach would be consistent with the Department's request.

Since the action by the Agenda Committee, we have had further organizational discussions with the Department of the Interior to review concepts and methods of execution of the study.

Following this, the Department of the Interior has expressed approval of the approach.

I think Secretary Kleppe's remarks and comments this morning echo that approval and underscore the importance of such a study to the Department of the Interior.

Our agreed approach is to divide the balance of the study into two parts. The first will involve the development of various discussion papers dealing with specific elements of the outline, primarily those in II, III, and IV.

Those papers will be on topics involving policy issues, as well as analytical examination of contemporary studies.

A member of our Committee will be assigned and will be responsible for the development of each such discussion paper.

We are fortunate to have on our Committee a number of individuals from outside as well as from inside the petroleum industry.

We plan to solicit active participation in the study, particularly in areas of environmental protection and energy conservation and new energy forms and employment and the economy and the government policy from those members who do not primarily represent oil companies.

We hope that first part can be completed in four to five months.

The second part would then be the development of a summary report covering all sections of the outline, but focusing primarily on sections I and V which have not already been covered.

The papers already prepared will serve as appendices to the summary report. They will not, in fact, be the report.

We envision that they will provide parameters for our final analysis and future energy prospects of the United States.

I would like to point out for those of you who were part of several discussions this question had, both in the Agenda Committee and the first meeting of my Committee, that any decisions as to whether or not to develop an independent assessment by NPCA of the nation's future energy situation will be made based on the consideration of the contents of the discussion papers in the next four months.

Although this proposed approach differs from that which was employed in 1972, it could probably best be characterized as a much more horizontal rather than vertical structured organization for conducting such a review, it is intentionally so to allow more flexibility in the ultimate use of the results, and to avoid any constraint on the avenues of investigation on each topic warranting discussion and research.

Other advantages of that approach are that the work could commence simultaneously on as many as two dozen topics. Further, the policy discussions with an earlier completion date than the analytical studies, can serve to sit the policy parameters within which the economists, geologists and engineers of our industry and elsewhere will

be using as inputs for analytical work.

The Committee on Future Energy Prospects plans to commence its work immediately and its next full Committee meeting will be in the latter part of April. We will keep you informed on the progress of this study and will submit for your review, as soon as possible, the draft reports on the substance of our work.

We hope that the Council could submit its final analysis to the Secretary of the Interior in the first quarter of 1977.

We realize the study is an ambitious undertaking, but we feel the subject matter warrants nothing less.

We look forward to broad participation in this work by members of the Council and we would welcome the ideas and energies of any member so inclined.

That completes my report, John.

MR. SWEARINGEN: Thank you very much, Bob. We are fortunate to have you as Chairman on the Committee of Future Energy Prospects.

Now, ladies and gentlemen, we come to several items on the agenda which have to do with the organization and procedures of this Council.

For the last year and a half, Mr. Belieu was

Executive Director and Mr. Chandler as Vice Chairman, and myself have been devoting a considerable amount of time to the organization's structure and procedures of the Council.

The next item on our agenda is something we have addressed ourselves to. The Council is now 30 years old. The Articles have only had some amendments which have been relatively minor.

However, there have been changes over the last years certainly require us to address ourselves to the basic documents. I am going to call on Mr. Collis Chandler now to discuss that question.

MR. CHANDLER: Thank you, John. On February 27, the Chairman sent a copy of a proposed amendment to the NPCA Articles of Organization to all members of the Council.

As noted in the cover letter, there are two principal reasons for the amendment. The first reason is to improve the organization and clarify of the document.

We considered changes of this nature to be editorial and I think you will agree they have resulted in a much more readable and understable set of articles.

The second reason is more substantive in nature. It was felt that a number of Council operations which have changed through the years should be formally reflected in

the Articles.

Without exception, these changes have been accepted by the membership in practice and I hope you will agree it is prudent and timely to change the Articles of Organization accordingly.

The first and most major of these changes is to formalize the existence and appointment of the Chairman's Nominating and Budget Committees. I believe that a Nominating Committee has existed in one form or another since the beginning of the Council.

As the Council has grown, the importance of this Committee has increased and we felt its authority should be formally delegated by the Council.

As for the Budget Committee, it has been in existence for the last five or six years. In the proposed amendment we have suggested calling it the Finance Committee, and as with the Nominating Committee, we asked that its authority and responsibility be recognized and provided for.

The second change in the category of incorporating current practices involves the Council's study groups. As our studies have increased in number and complexity, we have developed a need to provide our study committees with teams of experts in various fields.

Some of these fields have even been outside the areas of expertise of the Council. We have, therefore, specifically provided for the creation of such groups and have specified the manner in which their working papers have been published.

I think this latter provision is particularly important for it allows the government and the public a better insight into the background of the Council's reports to the Secretary of the Interior.

The final change in the category of codifying current practice formally changes the title of the Secretary-Treasurer to Executive Director. Ken Belieu asked for this one but has not volunteered to refund his salary for the last year and a half if you do not agree with the change.

There are two further changes of substance which I consider fairly non-controversial. The first specifies that the Council shall operate in accordance with all applicable statutes and regulations and the second provides for the Chairman of the Agenda Committee to act as Chairman of the NPC in the event of the absence or disability of both the Chairman and Vice Chairman of the Council.

Before opening the meeting to discussion of the proposed amendment, I would like to point out that the

general policies and exact language in the amendment were worked out with the help of the Council's attorneys.

In addition, John asked me to solicit the review of the Chairman of the Agenda, Appointment, Nominating, and Budget Committees. Their comments are included in the final draft and, prior to submittal to you, the proposed amendment was reviewed by the Department of the Interior.

Mr. Chairman, I move that the Council accept the Articles of Organization.

MR. SWEARINGEN: Thank you very much, Mr. Chandler. Mr. Chairman has moved that the proposed changes in the Articles of Organization be adopted.

Is there any motion for that?

(Motion from the floor and second from the floor.)

MR. SWEARINGEN: Are there any questions?

(No response.)

MR. SWEARINGEN: You have done a fine job if there are no questions.

Will those in favor please signify by saying aye?

(Ayes.)

MR. SWEARINGEN: Those opposed please signify by saying nay.

(No response.)

MR. SWEARINGEN: Thank you very much. The motion is carried.

I would now like to call on Ken BeLieu to bring us up to date on matters of the Executive Director's Office.

MR. BeLIEU: Mr. Chairman, this is the fourth time I have had the privilege to talking to the Council in this auditorium.

Once was in 1963 when I was Assistant Secretary of the Navy and you invited me to be a guest speaker. During that year, the United States imported less than 2- percent of its petroleum needs. You know what the situation is now. I hope no one associates my proximity to Washington with that undesirable condition.

The fact I want to emphasize is wht you all know -- we need calm heads and sound programs in the U.S. energy picture.

As my third appearance as the Executive Director, I cannot help but state once more my appreciation for the trust and faith you have placed in me and the staff.

The Budget Committee report is to follow so I shall not touch on the finances except to express my appreciation for the membership's most prompt response and support of our Fiscal Year 1976 budget.

While our budget is not large by standards I am used to in the government, it is essential, and more than that, it represents your dedication to the Council's purpose of government/industry cooperation.

I know that I speak for each person of our fine staff when I say we are proud to work for you.

I would like to bring up up to date on the status of two items.

The first concerns the unauthorized use of Council funds by certain former employees. A claim was made against our insurance policy in an effort to recoup our losses and I am pleased to inform you that a satisfactory settlement of this claim has been achieved.

The second item concerns the status of the law suit filed against the Council by Senator Metcalf and Robert Clark Brown. As I reported to you in my letter of February 13, 1976, the U.S. District Court -- Judge John Pratt -- dismissed the suit on February 9, 1976.

I also noted in that letter that the plaintiffs were entitled to appeal and they have done so and are seeking reversal of the court's decision. Our attorneys are resisting this action and we will keep you informed of the outcome.

In closing, I would be amiss if I did not also

express my appreciation to the Department of the Interior for the privilege and opportunity of contributing in some manner, in some small way, to our nation's energy program.

I should say, Mr. Chairman, that Secretary Bill Fisher, when he announced the new members did not introduce himself. He is a new member because the Secretary of the Interior has appointed him and drafted him and made him Acting Co-Chairman when the Secretary is not here.

Bill, you should be welcomed as well.

Thank you, Mr. Chairman.

MR. SWEARINGEN: Thank you very much, Mr. Belieu. Now I would like to call on John Kelly, to report to you on the proposed budget for Fiscal 1977.

MR. KELLY: Thank you, Mr. Chairman.

Since today is one of those rare occasions when the Chairman of the Budget Committee, Jack Abernathy, could not be present, the members of the Committee volunteered me to present their report.

The Budget Committee met on March 18 to review the financial status of the Council and to develop a budget for Fiscal Year 1977.

you may recall that just one year ago, it was reported to this assembly that there was a significant

improvement in staff administrative procedures and control of expenditures.

I am pleased to report that this improvement has continued during Fiscal Year 1976. Your Budget Committee thoroughly reviewed current staff organization, Fiscal Year 1976 expenditures and the Council's financial investment program.

We concluded that Ken BeLieu is running a tight ship. He has reduced his staff to 20 percent below authorized levels. Staff expenditures are tightly controlled.

By the end of this fiscal year, his investment program will have earned in excess of \$45,000 from interest income. Thus, we find sound business procedures are being used, and as a result, we are ending this fiscal year with a most welcome cash surplus.

Last year we recommended and the Council approved a budget of \$1,350,000. For the upcoming fiscal year, in spite of rising costs and continuing inflation, we are able to recommend a budget of \$1,170,000.

Based upon our detailed review of past and projected expenditures, we feel that this \$1,170,000 will provide for both actual and anticipated contingencies -- a goal we have hoped to reach for some time.

Our Committee also reviewed several proposals for Fiscal Year 1977 membership contributions. We approved the use of the same principles for Fiscal 1977 as were used in Fiscal 1976.

In general, most contributions will be reduced approximately 10 percent. We will continue to review all contributions to ensure equity. Understandably, there may be some fluctuations, which is normal under these circumstances.

Therefore, we hope that you will continue to be as cooperative as you have been in the past in providing adequate and appropriate information when it is requested.

Mr. Chairman, your Budget Committee is pleased to report that the Council is in sound financial shape. If this budget is approved, we expect to finish the next fiscal year in the black, and still maintain a working surplus for contingencies, all at a reduction of approximately 10 percent under last year's assessments.

Mr. Chairman, the Budget Committee recommends that the membership approve a \$1,170,000 budget for Fiscal Year 1977 and I move that the Council adopt this report of the Budget Committee.

Thank you, Mr. Chairman.

MR. SWEARINGEN: Thank you very much, Mr. Kelly.

Is there a second in this motion?

(Second from the floor.)

MR. SWEARINGEN: Is there some discussion ?

(No response.)

MR. SWEARINGEN: Those in favor of this motion,
please say aye.

(Ayes.)

MR. SWEARINGEN: Those opposed?

(No response.)

MR. SWEARINGEN: Thank you very much. The motion
is carried.

Thank you for your report, Mr. Kelly.

I would like again to express my appreciation to
you, Mr. Kelly, and to Mr. Abernathy who headed the Budget
Committee and to Mr. Belieu and his entire staff for the
work they have done in getting this in shape. I think they
have done a remarkable job and I think it is worth you join-
ing me in a round of applause for these gentlemen.

(Applause.)

MR. SWEARINGEN: Now I would like to call on
Carrol M. Bennett, Chairman of the Nominating Committee,
who will propose for your consideration the membership of

the Appointment and Agenda Committees for the coming year.

MR. BENNETT: Thank you, Mr. Chairman.

Mr. Chairman, and fellow members, at the last meeting of the Council, we failed to appoint members for the Appointment Committee and the Agenda Committee.

Therefore, we think it is appropriate at this time to make these appointments, or at least make the recommendations to you.

For the Appointment Committee we recommend:

Howard W. Blauvelt

Mary Hudson

George W. Jandeck

John M. Kelly

Thomas L. Kimball

Harold M. McClure, Jr.

John R. McMillan

W.F. Martin

John S. Shaw, Jr.

Robert E. Yancey

Harold E. Berg - to serve as Chairman.

For the Agenda Committee we recommend:

Carrol M. Bennett

Maurice F. Granville

C. John Miller

Kenneth E. Montague

C.H. Murphy, Jr.

R.L. O'Shields

Robert V. Sellers

Edgar B. Speer

Elvis J. Stahr

Rawleigh Warner, Jr.

H.J. Haynes - to serve as Chairman.

Mr. Chairman, this completes the report of the Nominating Committee and I move that the Council elect the proposed slate of Committee members.

MR. SWEARINGEN: Thank you very much, Mr. Bennett.
Is there a second to the motion announced by Mr. Bennett?

(Second motion from the floor.)

MR. SWEARINGEN: Is there any discussion of these motions?

(No response.)

MR. SWEARINGEN: Did I hear a question?

(No response.)

MR. SWEARINGEN: If not, those in favor please signify by saying aye.

(Ayes.)

MR. SWEARINGEN: Those opposed?

(No response.)

MR. SWEARINGEN: The motion is carried.

Thank you very much, Mr. Bennett.

I think I would be amiss if I did not pay a tribute to Jake Hamon for his services of 14 years as Chairman of the Agenda Committee.

As Jake already mentioned, he served on the Council for some 30 years; I believe we will all agree that the Agenda Committee, which accepts and modifies and rejects requests from the Department of the Interior and shapes the work of the Council is by far the most important Committee that we have.

Jake has always been ready to serve freely with his time and with his wise counsel, and I think we all owe a debt of gratitude to Jake for his service in this capacity.

Jake has said time does march on and I think it is time for us to make some new appointments to a number of the committees. However, I think it is well if we would all give Jake a round of applause for his service.

(Applause.)

MR. SWEARINGEN: Now I would like to come to the last item on our agenda this morning. Two of the members of

the Council have died in the past year. One was Mr. Alfred A. Kiltz, a lawyer and independent gas and oil producer and a member of the Council since 1964.

The other was William Wikoff Smith, Chairman of the Board of an oil and gas company and he has been a member since 1965. Both men served on various committees of the NPC for many years. I move that a memorial resolution be prepared and transmitted to their families.

All members signify their consent by standing for a moment of silence.

(All members stood for a moment of silence.)

MR. SWEARINGEN: Thank you.

Is there any further business to be brought before the Council this morning?

(No response.)

MR. SWEARINGEN: If not, I would be happy to entertain a motion for adjournment.

(So moved.)

MR. SWEARINGEN: Those in favor, please signify by saying aye.

(Ayes.)

MR. SWEARINGEN: Those opposed?

(No response.)

MR. SWEARINGEN: The meeting of the National Petroleum Council is hereby adjourned.

(Whereupon,

at 10:30 a.m., the meeting of the National Petroleum Council was adjourned.)